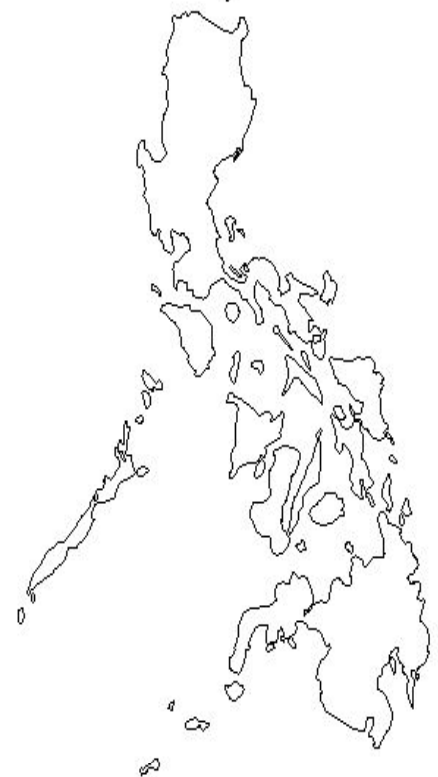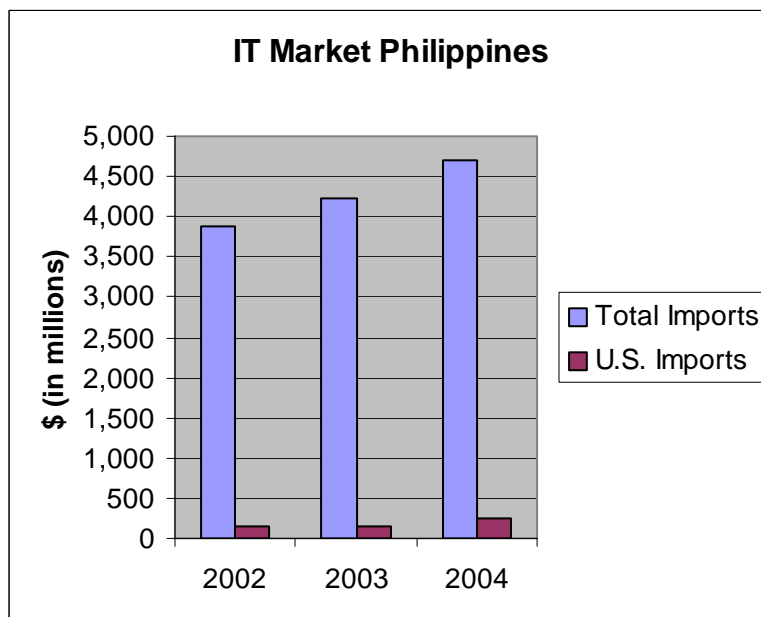U.S. COMMERCIAL SERVICE
United States of America
Department of Commerce

Market Overview

- As of 2004, **PC penetration is 2%** (1.5 million), with 5 million people having Internet access.
- Experts expect **8-10% annual PC and Internet growth** through 2008.
- To drive down end-user costs, Philippine **retailers import parts and accessories** and build custom PCs locally.
- **Customized software** demand is driven by Business Process Outsourcing **(BPO) and Telecom** industries.
- Through 2010, **large corporations will** continue to **invest** in hardware and software to improve operational efficiency.
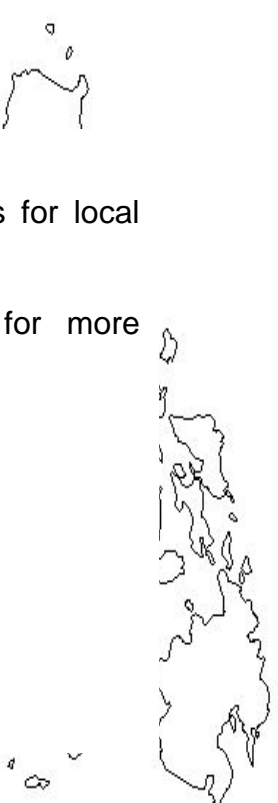- **US$4.7 billion hardware and software market** is 95% imported.

IT Market Philippines

A bar chart showing $ (in millions) for 2002, 2003, and 2004. Total Imports: approximately 3,850 (2002), 4,200 (2003), 4,700 (2004). U.S. Imports: approximately 150 (2002), 130 (2003), 250 (2004). Legend: Total Imports, U.S. Imports.

Sub- Markets and Competition

- **Hardware parts and accessories imports ($3.9 billion)-** including **used and refurbished parts-** account for the largest IT sub-market and is dominated by the **Japan and Hong Kong**.
- **Tremendous growth in outsourcing**, specifically in IT-enabled services or call centers continues to drive software and hardware demand.
    - ✓ The Philippines ranks second to India with **200 call centers**, 60 of which handle international calls.
    - ✓ **Customer Relationship Management** (CRM) solutions will be needed through 2010 to meet call center requirements.
- Strong growth of cellular mobile **telecommunications** continues to drive demand for **specialized software applications** to manage subscriber analysis, mobile networks, billing and messaging platforms.
- Demand continues to grow among corporations for **custom software** and web development; database design and development; and network applications.
- Demand is growing at large, mature companies for **ERP** solutions relating to human resources management and inventory control and management.

Commercial Opportunities

- In the hardware market,
    - ✓ U.S. exporters should consider exporting used or refurbished accessories for local assembly.
    - ✓ Popularity of online gaming and Internet Cafes is driving demand for more sophisticated hardware to support increased audio and video requirements.
    - ✓ Demand for high-end servers by call centers and corporations is on the rise.

- In software, sales prospects include:
    - ✓ CRM and ERP software for call centers and corporate applications
    - ✓ Specialized software for call centers and mobile telephone operators
    - ✓ Web development and network application tools.